

Appendix B
North Carolina
High Risk Pool Projection

Scenario 21

| | |
|---|------------|
| Premium Cap, 2007 Basis | 175% |
| Rate at 175% cap, 2007 basis | 457.82 |
| Enrollment, year 5 (% of state population) | 0.100% Mid |
| Loss ratio assumption at prevailing PPO rates | 167% High |

Notes

Projections below are developed under 3 provider payment rate scenarios in the following order: (1) prevailing PPO payment rates, (2) Medicare allowable payment rates, and (3) Medicaid allowable payment rates.

| | 1 2009 | 2 2010 | 3 2011 | 4 2012 | 5 2013 | 6 2014 | 7 2015 | 8 2016 | 9 2017 | 10 2018 |
|-------------------------------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Enrollment % | 0.025% | 0.050% | 0.070% | 0.085% | 0.100% | 0.110% | 0.120% | 0.130% | 0.140% | 0.150% |
| Premium Trend Over Prior Year | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% |
| Admin Trend Over Prior Year | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% |
| Loss Ratio | 167% | 167% | 167% | 167% | 167% | 167% | 167% | 167% | 167% | 167% |
| Admin % Claims | 6.0% | 5.6% | 5.3% | 5.0% | 4.8% | 4.5% | 4.3% | 4.0% | 3.8% | 3.6% |
| Enrollees at End of Year | 2,171 | 4,342 | 6,078 | 7,381 | 8,683 | 9,552 | 10,420 | 11,288 | 12,157 | 13,025 |
| Premium Paid by Enrollees PMPM | \$553.96 | \$609.35 | \$670.29 | \$737.32 | \$811.05 | \$892.15 | \$981.37 | \$1,079.50 | \$1,187.46 | \$1,306.20 |
| Claims PMPM at prevailing PPO rates | \$923.74 | \$1,016.12 | \$1,117.73 | \$1,229.50 | \$1,352.45 | \$1,487.70 | \$1,636.47 | \$1,800.11 | \$1,980.13 | \$2,178.14 |
| Admin Exp PMPM | \$55.00 | \$57.20 | \$59.49 | \$61.87 | \$64.34 | \$66.92 | \$69.59 | \$72.38 | \$75.27 | \$78.28 |
| Net Loss PMPM | (\$424.79) | (\$463.97) | (\$506.93) | (\$554.05) | (\$605.75) | (\$662.46) | (\$724.69) | (\$792.99) | (\$867.94) | (\$950.22) |
| Average Enrollees | 1,086 | 3,257 | 5,210 | 6,730 | 8,032 | 9,118 | 9,986 | 10,854 | 11,723 | 12,591 |
| Premium Paid by Enrollees | \$7,215,840 | \$23,812,273 | \$41,906,383 | \$59,541,249 | \$78,172,054 | \$97,610,443 | \$117,599,305 | \$140,603,359 | \$167,039,356 | \$197,356,518 |
| Claims at prevailing PPO rates | \$12,032,679 | \$39,707,840 | \$69,880,434 | \$99,287,220 | \$130,354,774 | \$162,769,001 | \$196,101,164 | \$234,461,270 | \$278,544,266 | \$329,099,248 |
| Admin Expenses | \$716,430 | \$2,235,262 | \$3,719,190 | \$4,996,050 | \$6,201,561 | \$7,321,270 | \$8,339,414 | \$9,426,862 | \$10,588,413 | \$11,827,807 |
| Net Loss at Prevailing PPO Rates | (\$5,533,269) | (\$18,130,829) | (\$31,693,241) | (\$44,742,022) | (\$58,384,280) | (\$72,479,828) | (\$86,841,273) | (\$103,284,772) | (\$122,093,323) | (\$143,570,537) |
| A&H Premiums in State | \$7,593,374,043 | \$8,352,711,447 | \$9,187,982,592 | \$10,106,780,851 | \$11,117,458,936 | \$12,229,204,830 | \$13,452,125,313 | \$14,797,337,844 | \$16,277,071,629 | \$17,904,778,792 |
| Assessment as % of Premium | 0.07% | 0.22% | 0.34% | 0.44% | 0.53% | 0.59% | 0.65% | 0.70% | 0.75% | 0.80% |
| A&H Covered Members in NC (Broad) | 4,184,963 | 4,184,963 | 4,184,963 | 4,184,963 | 4,184,963 | 4,184,963 | 4,184,963 | 4,184,963 | 4,184,963 | 4,184,963 |
| Assessment PMPM | \$0.11 | \$0.36 | \$0.63 | \$0.89 | \$1.16 | \$1.44 | \$1.73 | \$2.06 | \$2.43 | \$2.86 |
| A&H Covered Members in NC (Narrow) | 2,877,987 | 2,877,987 | 2,877,987 | 2,877,987 | 2,877,987 | 2,877,987 | 2,877,987 | 2,877,987 | 2,877,987 | 2,877,987 |
| Assessment PMPM | \$0.16 | \$0.52 | \$0.92 | \$1.30 | \$1.69 | \$2.10 | \$2.51 | \$2.99 | \$3.54 | \$4.16 |
| Provider Discount Amount - MCR | \$2,406,536 | \$7,941,568 | \$13,976,087 | \$19,857,444 | \$26,070,955 | \$32,553,800 | \$39,220,233 | \$46,892,254 | \$55,708,853 | \$65,819,850 |
| Net Losses | (\$3,126,733) | (\$10,189,261) | (\$17,717,154) | (\$24,884,578) | (\$32,313,325) | (\$39,926,028) | (\$47,621,040) | (\$56,392,518) | (\$66,384,470) | (\$77,750,687) |
| Assessment - % Premium | 0.04% | 0.12% | 0.19% | 0.25% | 0.29% | 0.33% | 0.35% | 0.38% | 0.41% | 0.43% |
| Assessment - PMPM (Broad) | \$0.06 | \$0.20 | \$0.35 | \$0.50 | \$0.64 | \$0.80 | \$0.95 | \$1.12 | \$1.32 | \$1.55 |
| Assessment - PMPM (Narrow) | \$0.09 | \$0.30 | \$0.51 | \$0.72 | \$0.94 | \$1.16 | \$1.38 | \$1.63 | \$1.92 | \$2.25 |
| Provider Discount Amount - MCD | \$6,617,973 | \$21,839,312 | \$38,434,239 | \$54,607,971 | \$71,695,126 | \$89,522,950 | \$107,855,640 | \$128,953,699 | \$153,199,346 | \$181,004,586 |
| Net Losses | \$1,084,705 | \$3,708,483 | \$6,740,998 | \$9,865,950 | \$13,310,845 | \$17,043,123 | \$21,014,367 | \$25,668,926 | \$31,106,023 | \$37,434,050 |
| Assessment - % Premium | (0.01%) | (0.04%) | (0.07%) | (0.10%) | (0.12%) | (0.14%) | (0.16%) | (0.17%) | (0.19%) | (0.21%) |
| Assessment - PMPM (Broad) | (\$0.02) | (\$0.07) | (\$0.13) | (\$0.20) | (\$0.27) | (\$0.34) | (\$0.42) | (\$0.51) | (\$0.62) | (\$0.75) |
| Assessment - PMPM (Narrow) | (\$0.03) | (\$0.11) | (\$0.20) | (\$0.29) | (\$0.39) | (\$0.49) | (\$0.61) | (\$0.74) | (\$0.90) | (\$1.08) |